



BACKGROUND

The 2004 USAID Corruption Assessment was widely publicized in Cambodia and beyond. Along with other reports issued by various donors, it focused attention on the corrosive affect that corruption has on the economy, political life and society. According to the USAID study, "annual diversions from government coffers range between \$300 million and \$500 million," or approximately equal to the amount of donor assistance that Cambodia receives each year.

The impact of corruption extends to all aspects of daily life. Corruption causes distortion of the market, impairs Cambodia's competitiveness and lowers investment, reduces the collection of legal revenues, and diverts funding for badly needed social services.

During late 2004, the Prime Minister declared "war" on corruption, publicly challenging his Council of Ministers to address corruption concerns. The new king specifically condemned corruption in his first address to the nation. During December 2004, the Consultative Group (CG) of foreign donors introduced several benchmarks designed to directly address corruption, including passage of an internationally acceptable corruption law, an independent audit function, and new measures to promote transparency. At the same time, USAID funded a new initiative designed to deal with corruption in Cambodia in pragmatic and practical ways.

PARTNERS

PADCO\Iact: This new two-year, Anti-Corruption Coordinated Action Program (ACCAP) was launched in fall 2004. The main objective is to strengthen the ability of the citizens of Cambodia to hold public officials more accountable for the use of public resources.

The project will also include:

- Promoting a coordinated donor policy dialogue and response on corruption issues;

- Establishing a Stakeholders Working Group (SWG) involving citizens, advocacy NGOs, business representatives, donors and the government to focus on corruption issues and implement anti-corruption strategies;
- Advocating the adoption and enforcement of laws, policies and regulations in key areas, including anti-corruption and freedom of information; and
- Expanding public information on corruption issues, especially on the impact of corruption in terms of lost jobs, lost investments and damage to society.

RESULTS TO DATE

- Released USAID's Corruption Assessment Report in November 2004, captured both domestic and international headlines and sparked considerable debate leading up to the December 2004 CG meeting where the donor community stood unified in pushing the Government to take tangible steps to address corruption.
- The SWG composed of leaders from advocacy NGOs, civil society, private business, and government has been formed and is actively developing an action plan for anti-corruption activities to be supported through ACCAP small grants.
- Organized a team of international legal experts who are actively reviewing the draft law on anti-corruption and engaging appropriate Government Ministry staff to help ensure the law will meet international standards.
- Conducted an analysis of the National Audit Authority's institutional capacity to meet international standards (final report expected in April 2005).
- Organized the first of three sessions of investigative journalist training that will target 24 newspaper journalists and editors to enhance their skills in developing corruption stories.
- Facilitated NGO coordination meetings to assist the NGO community to speak with a unified and coherent voice in support of tangible anti-corruption activities by the Government.
- USAID has played a significant role in supporting the donor coordination efforts to ensure that the donor community continues to speak with a unified message regarding corruption issues.